increased by and large consistent with the credit to urban areas as per details given below:

(Rs. in crore)

As on March	Rural	Semi-Urban	Urban/ Metropolitan
2000	473%	55022	366614
2001	56017	63857	436562

Excise duty on grey clothes

†4711. SHRI P. K. MAHESHWARI : Will the Minister of FINANCE be pleased to state :

the reasons for imposing 10 per cent excise duty on the grey clothes manufactured in powerloom industry under the 'CENVAT';

the complaints received by the Central Government against the said duty and action taken on these complaints;

whether the Government propose to remove the duty in view of the strong protest by the powerloom industry; and

to what extent powerloom industry would be affected by the implementation of the said duty?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI GINGEE N. RAMA CHANDRAN): (a) Excise duty on grey fabric manufactured by the powerloom Industry was imposed to complete the CENVAT chain in the textile sector and to remove the distortion in the excise tax structure on textiles.

Co) The Government has received representations from various powerloom associations for exempting powerloom units from excise duty.

The general rate of Central excise duty on grey fabrics manufactured by powerloom has been retained at 10%. However, the powerloom units having annual turnover of upto Rs. 25 lakhs, have been exempted from excise duty on their first clearances of Rs. 20 lakh in a financial year.

Power loom industry would not be affected, as duty paid by power looms on grey fabric would be eligible as CENVAT credit to the manufacturer using such grey fabric as inputs.

†Original notice of the question was received in Hindi.